

Scope of Responsibility

Kent County Council is responsible for ensuring that its business is conducted in accordance with the law, recognised standards of good practice, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework guidance: Delivering Good Governance in Local Government. The Annual Governance Statement (AGS) explains how the Council has complied with the Code during the past year and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement of internal control.

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. It comprises the systems and processes, cultures and values by which the Council is directed and controlled. The Council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

All Corporate Directors have a range of duties to ensure that their directorates are run efficiently, effectively, and with proper risk management and governance arrangements, including a sound system of control. As part of the AGS process, each Corporate Director is specifically required to confirm that this system is in place. They are also required to review internal controls to ensure they are adequate and effective, taking into account the following:

- (i) Outcomes from risk assessment and evaluation
- (ii) Self-assessment of key service areas within the directorate
- (iii) Internal audit reports and results of follow ups regarding implementation of recommendations
- (iv) Outcomes from reviews of services by other bodies, including Inspectorates, external auditors, etc.
- (v) Linkage between business planning and the management of risk.

Separate submissions are provided by the Statutory Officers (the Head of Paid Service, the Monitoring Officer, the Section 151 Officer, Director of Adult Social Services, and Director of Children's Services) in respect of issues that they are aware of for the Council as a whole. Corporate Directors put in place an action plan for each issue detailed in their AGS submission as soon as that issue is identified.

Their action plans must include:

- (i) an accountable officer
 - (ii) a specific timescale
 - (iii) the detailed action to be taken
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- (iv) updates on progress throughout the year.

In addition, the General Counsel completed the annual review of the Code of Corporate Governance during 2018-19. The Code of Corporate Governance is included at Appendix 10 of the Constitution. The outcome of this review has resulted in changes that were approved by Members at the County Council meeting in July 2018. Further significant structural changes to the Constitution are being finalised and consulted on with Members before being brought before County Council no later than October 2019.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes for the direction and control of the Council and its activities through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims, and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to achievement of Kent County Council's policies, aims, and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place within Kent County Council for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

The Governance Framework

The Council sets out clearly its vision and purpose, with clarity on outcomes for residents. It engages with stakeholders to ensure robust public accountability through the following actions:

The Council's governance environment is consistent with the revised code of corporate governance and the 2016 CIPFA guidance "Delivering Good Governance" framework. Members of the Governance and Audit Committee will this year consider a specific recommendation around the Annual Governance Statement for the first time. According to the CIPFA guidance, the annual governance statement should:

- Provide a meaningful but brief communication regarding the review of governance that has taken place including the role of the governance structures involved (such as the Authority, the audit, and other committees)
- Be high level, strategic, and written in an open and readable style
- Focus on outcomes and value for money and relate to the Authority's vision for the area.

Accordingly, we have reduced some of the minutiae and repetition previously provided. Instead, for each principle in the 2016 guidance we have described an overview of some of the Council's relevant governance mechanism and associated sources of assurance.

Principle	Description of Governance Mechanism and Assurances Received
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>Kent County Council is a Member led authority and the roles and responsibilities of elected Members and Officers and the processes to govern the conduct of the Council's business are defined in the Constitution, Contract and Tenders Standing Orders, and Financial Regulations. The Monitoring Officer and Section 151 Officer respectively are responsible for reviewing and updating these as required.</p> <p>Throughout the year, the Monitoring Officer has met with Officers, Members and investigated legal issues raised by the public with a view to making amendments to processes and procedures where appropriate.</p> <p>During the year, significant changes have been made to the Council's Constitution to strengthen governance, accountability and responsibility. The role of informal governance has been clarified and Operating Standards have been created by the Head of Paid Service to clarify responsibilities for Officers.</p> <p>The high ethical values and standards of behaviour expected from elected Members and Officers to make sure that public business is conducted with fairness and integrity are defined in Member and Officer Codes of Conduct.</p> <p>The Monitoring Officer is responsible for ensuring compliance with all applicable statutes and regulations and that agreed procedures are followed. Throughout the year, the Monitoring Officer has provided reports, guidance and advice to the Corporate Management Team, Corporate Board and the political committees of the Council either directly or through his Officers. He also regularly meets with the Leaders of the two main opposition groups to ensure that they can directly raise any concerns about integrity or governance.</p> <p>The Council seeks feedback from the public through its complaints and comments procedures and responds to the outcomes, as appropriate. The County Council's Annual Customer Feedback report, which includes complaints and compliments is submitted to the Governance and Audit Committee in order that they can keep this area under review. The Council's Whistleblowing Policy is available on the intranet.</p> <p>The Council seeks feedback from the public through its complaints and comments procedures and responds to the outcomes, as appropriate.</p> <p>The Governance and Audit Committee meets throughout the year and considers audit activity and reports alongside updates, reports, and advice from the Section 151 Officer and Monitoring Officer.</p>

Principle	Description of Governance Mechanism and Assurances Received
B. Ensuring openness and comprehensive stakeholder engagement	<p>Council meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality/disclosure of exempt information which are provided for in statutory provisions.</p> <p>The Council has invested in the technology and the staffing to facilitate the webcasting of meetings meaning that stakeholders and residents can attend meetings if they wish to or watch them online. An online library of meetings is kept for six months meaning that the decision-making process can be considered and reviewed by stakeholders and the public from inception through to final decision and any ultimate scrutiny.</p> <p>Decisions made by Council, the Cabinet, or other Committees are documented and published on the County Council's website, excluding any confidential/exempt information. All decisions are explicit about the criteria, rationale, and factors taken into consideration by the decision maker(s).</p> <p>The Council seeks community views on a wide range of issues and undertakes regular consultation and engagement with citizens and service users. Social media channels are utilised to support the Authority's engagement with stakeholders. Details of current, planned, and past consultations are available on the Council's website along with information on how the public/stakeholders can put forward their views.</p> <p>The Authority engages with stakeholders through different social media channels.</p>
C. Defining outcomes in terms of sustainable economic, social and environmental benefits	<p>The Strategic Statement for 2015 - 2020 'Increasing Opportunities, Improving Outcomes' sets out in detail KCC's vision for improving lives by ensuring every pound spent in Kent is delivering better outcomes for residents, communities, and businesses, to an aligned timetable within the resources strategy and budget. Strategic outcome 2, 'We want Kent communities to feel the benefits of economic growth by being in-work, healthy and enjoying a good quality of life' sets out how this outcome is measured.</p> <p>The Council has developed a new business planning approach. The Strategic Delivery Plan for 2019-22 will capture all our significant commissioning, service and policy activity in one place, looking ahead over the next 3 years.</p> <p>The performance of the Council against measurable outcome-led targets is assessed through performance monitoring reports that are considered within directorates, by the Corporate Management Team, Cabinet Committees, Cabinet and subsequently at meetings of relevance. They can also be called in to the Scrutiny Committee and the Governance and Audit Committee.</p>

Principle	Description of Governance Mechanism and Assurances Received
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	<p>Decision makers receive objective analysis of a variety of options indicating how intended outcomes could be achieved together alongside the detail of any associated risks.</p> <p>The Council has created a range of informal governance mechanisms to inform decision making and the delivery of effective services. The informal governance groups include the cross-party Commissioning Advisory Board and the Service Commissioning Board.</p> <p>Clear guidance and protocols for decision making and the involvement of legal and financial Officers in significant decisions ensures that they are only made after the relevant options and associated risks have been assessed. Rules are also in place and monitored in relation to the signing and sealing of contracts and agreements.</p>
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	<p>The Corporate Management Team consists of the Head of Paid Service, Corporate Directors for Adult Social Care and Health, Finance, Children, Young People and Education, People & Communications, Growth, Environment and Transport, the General Counsel, and the Director for Public Health. They are supported through an extended Corporate Management Team of Directors and a Challenger group of Heads of Service and Senior Officers.</p> <p>The roles of Officers are defined in agreed job profiles. Staff performance is reviewed on an annual basis in accordance with the Total Contribution Pay process (TCP).</p> <p>The Head of Paid Service is responsible for corporate management and operational responsibility as defined in law and KCC's Constitution. The Head of Paid Service is the County Council's principal advisor directing the management process and Officers of the Council to deliver its strategic aims and objectives. The Head of Paid Service provides strategic leadership to the Corporate Management Team, developing dynamic and collaborative relationships within CMT and between Cabinet and Chief Officers as the leadership team, and delivering the strategic vision and whole organisation outcomes for the people of Kent.</p> <p>The Corporate Management Team, supported by the Corporate Director of People & Communications, make decisions on allocating funding for training to respond to organisational priorities and review the outcomes and effectiveness of strategies and development within divisions and across the organisation. In conjunction with Members, they also determine the mandatory training programme for all Officers. An ongoing programme of development is also in place for KCC's elected Members.</p> <p>In recent years, the organisation implemented the Kent Manager standard to ensure that the organisation's managers are appropriately trained. A new e-learning platform has been launched to support the development of management capacity alongside an increased focus on succession planning for senior and strategic roles.</p> <p>The organisation has also developed a new leadership strategy to meet the needs and expectations of a changing organisation in a rapidly developing and challenging operating environment.</p>

Principle	Description of Governance Mechanism and Assurances Received
F. Managing risks and performance through robust internal control and strong public financial management	<p>The Council has a risk management strategy and approach with the main priorities of providing robust systems of identification, evaluation, and control of risks which threaten the Council's ability to meet its objectives to deliver services to the public. Risk management is embedded into the Council's activities and decision-making and regular reports are provided from divisional level, directorate level, and cross- organisation with relevant Cabinet Committees and Cabinet receiving regular updates and advice. The Corporate Risk Register is published on the Council's website and is regularly reviewed.</p> <p>The Corporate Director of Finance (the statutory Section 151 Officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.</p> <p>The Council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. The Authority has a proactive, holistic approach to tackling fraud, theft, corruption, and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably. A Medium-Term Financial Plan and associated Risk Register is in place. Revenue and capital budget planning based on corporate priorities are led by the Executive, supported by the Corporate Management Team, and presented for approval by full Council in February each year.</p> <p>Revenue and Capital Budget Monitoring reports are presented to the Cabinet on a regular basis for control purposes, this includes the annual outturn. Members can scrutinise any element of budget monitoring through the relevant Cabinet Committee to ensure performance and risks are managed.</p> <p>The financial management has resulted in a balanced budget being delivered for the past 18 years.</p>

Principle	Description of Governance Mechanism and Assurances Received
G. Implementing good practices in transparency reporting, and audit to deliver effective accountability	<p>The Head of Internal Audit provides an independent and objective annual opinion on the effectiveness of internal control, risk management, and governance. This is carried out by an in-house team in conformance with the Public Sector Internal Audit Standards. The Head of Internal Audit delivers a quarterly progress report to KCC's Governance and Audit Committee setting out the outcome of Internal Audit and Counter Fraud activity.</p> <p>The Council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny, and Inspection bodies. The Governance and Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.</p>

Review of Effectiveness

Every year, a return is submitted for each part of each directorate (as well as by Statutory Officers) reviewing the effectiveness of its governance framework, including the system of internal control. Attached to each return is the appropriate evidence to support the statements in that return. The returns and their supporting evidence are the background information, in light of which the Corporate Director/Statutory Officer completes their Statement of Assurance.

The Returns cover each directorate's progress on implementing the actions/areas of improvement identified in the 2017-18 AGS. They also detail any new issues that have arisen since 1 April 2018, which have a significant impact on risk management or governance, including details of the sources used to identify such issues. Finally, they provide assurance that Corporate Directors have ensured compliance with the Constitution and Financial Regulations and whether any further actions/areas of improvement are required.

It is for each Corporate Director to decide the level of evidence that provides sufficient assurance that actions/improvements identified in the 2017-18 AGS have been implemented. In respect of all outstanding matters there is confirmation that a detailed action plan is in place, and the name of the responsible officer.

Elected Members have a role in maintaining and reviewing the effectiveness of the governance arrangements. They do this via the Governance and Audit Committee which has within its remit the role of ensuring the adequacy of the risk management and governance framework and ensuring that these are embedded across the whole Council, that they are adequate for purpose and effectively and efficiently operated without any significant lapses. As part of the remit of the Scrutiny Committee, elected Members can review decisions made or action taken in relation to all Council functions or consider matters which affect the area of its residents. As part of this review they can look at governance and risk management aspects and make recommendations or report to the Executive or County Council. During the year Cabinet and the various Cabinet Committees receive and review regular reports relating to the performance of the Council's system of internal control, including the Strategic Risk Register, Revenue and Capital Budget Monitoring, Treasury Management and Core Monitoring (performance and business plans).

Opinion and wording from Internal Audit and Counter Fraud Unit

Internal Audit has concluded, overall, that substantial assurance can be assigned in relation to the Council's corporate governance, risk management and internal control arrangements.

This opinion is based upon the evaluation of the findings, conclusions and assurances from the work undertaken by Internal Audit compared to eight key indicators of corporate health. Furthermore, there was an increase in systems or functions assigned a "substantial" assurance or better in 2018-19 and a reduction in the assigning of "limited" assurance or worse.

The opinion is also based on an improvement in the level of implementation by management of actions to address internal control and risk management issues identified by Internal Audit reports. The momentum on such improvement needs to be maintained, however, and the overall full implementation rate of 56% leaves room for significant improvement.

No incidences of material external or internal fraud have been detected or reported and there was positive external assurance that the Council has effective arrangements in place to manage the risk of fraud. Areas for further improvement have also been highlighted and reported in the Internal Audit Annual Report and the Council has been receptive to addressing issues raised by Internal Audit.

Progress update - significant governance issues (identified in 2017/18)

A number of areas where key internal controls still needed to be enhanced were identified in last year's statement, Section 1 below provide an update on actions taken during the past year.

1.1 Finance

Financial Climate

A key consideration of the 2019-20 Budget setting process was the Council's financial resilience. In response to continued increased pressure on spending because of the rising demand for services, inflation and the living wage, the authority will need to continue to be vigilant to remain resilient. The budget was formulated following a robust process of internal challenge with Cabinet Members and Corporate Directors, public consultation and scrutiny by Members of all political groups.

Kent County Council's financial position continues to be closely monitored and reported to Cabinet and the Cabinet Committees. The Corporate Management Team, Directors, managers and staff remain committed to meeting the financial challenges that the authority is presented with. Despite the £640 million savings the authority has already made since 2010, we are forecasting that there will be a considerable shortfall to find in the forthcoming year and in years to come.

Funding considerations - High Needs

A number of actions have been taken in-year to address pressures associated with High Needs. Actions include the successful implementation of Funding Review changes in mainstream schools reducing budget pressures, the agreement of a new funding methodology with FE colleges in respect of High Needs Funding and the creation of a county panel (including Headteachers) to ensure consistent decision making. Whilst positive budget impacts are being seen in response to the actions taken, the authority did not receive a favourable outcome of the January 2019 Ofsted/CQC Local Area inspection of SEND and the Transformation Programme and Written Statement of Action will respond to the findings. This will continue to be a high priority area of focus for Kent County Council.

It is important to note that we have identified that the current shortfall in High Needs funding and the estimated deficit on the Dedicated Schools Grant (DSG) is the highest budget risk, this will therefore remain a key area of focus.

We will also need to continue to lobby government to improve the funding for High Needs and introduce structural reforms to help manage the significant rise in demand.

Funding considerations - School Placements

The delivery of new school places continues to be constrained by capital budget pressures and reliant on the Education and Schools Funding Agency (ESFA). In response to the current position, a number of actions were taken in-year including negotiations with the ESFA during Summer 2018 over funding which concluded successfully, the implementation of changes agreed with the ESFA and the development on a case by case basis of contingency plans for alternative interim accommodation for each Free School project. The Kent Commissioning Plan, which was agreed by Cabinet in January 2019, contains the forecast expansions numbers and locations, are all fully costed and kept under review.

Kent County Council will continue to work closely with the ESFA and lobby Government on matters associated with school placements.

1.2 Staffing, structures and operating models

Section 151 Officer recruitment

A new Section 151 Officer/Corporate Director of Finance was recruited in 2018. The interim arrangements put in place ahead of the postholder joining the authority were effective and ensured that the statutory Section 151 Officer duties were successfully discharged, and continuity retained.

Adult Social Care and Health operating model

The County Council agreed the proposed changes to the Adult Social Care and Health top tier structure on 18 October 2018. The new Operating Models for Adult Social Care and Health are now complete and are being delivered within the Directorate. Work to further embed the new operating models will be monitored over the coming year by the Corporate Director of Adult Social Care and Health.

Proposed changes to Top Tier posts in the Children, Young People and Education Directorate

The County Council agreed on 17 May 2018 that that the posts of Director Specialist Children's Services and Director of Early Help and Preventative Services should be deleted; and two new Director posts, Director Integrated Children's Services (Early Help and Preventative Services Lead) and Director Integrated Children's Services (Social Work Lead) be introduced. The changes have been implemented and postholders are in place and are supporting the Corporate Director to deliver the Change for Kent Children Programme which is a new approach to the delivery of integrated services for children and families in Kent.

1.3 Post-European Union exit border - systems and infrastructure arrangements

This year all services have considered their Brexit preparedness arrangements in the event of a no-deal scenario and the authority's position was reported to full Council in July 2018, December 2018 and March 2019, items have also been received by Cabinet Committees. As part of KCC's significant planning activity, consideration has been given to operational matters, statutory service requirements, business continuity planning, commissioning, the supply chain, data handling, communications, partnership working, cost and infrastructure requirements.

Working with all public agencies through the Kent Resilience Forum and through internal business continuity planning preparations, the authority is well positioned to minimise disruption associated with the UK's withdrawal from the EU. The authority cannot though be complacent, and plans will continue to be reviewed and revised. The potential impact on the county, including statutory and financial considerations, will be closely monitored as further national developments evolve. KCC remains in close dialogue with Central Government on this important matter and the Corporate Management Team receive regular updates on the authority's overall preparedness. A notable amount of staff resource has been allocated to the co-ordination of Kent County Council's arrangements.

1.4 Kent County Council's Constitution

The process to review Kent County Council's Constitution commenced in January 2017 and has been reported and discussed with Members. Changes to the Constitution were made throughout 2018/19 including the formal adoption of the new CIPFA/SOLACE code including a range of consequential changes to the Constitution

in July 2018. The final version of the new constitution will be taken to County Council no later than October 2019.

1.5 Strategic Development Plan (SDP)

During 2018/19 we developed the draft Strategic Delivery Plan for 2019-22. The plan sets out how KCC will achieve better outcomes for the people of Kent, by acting as a single business plan for the authority. The SDP is focused on the most significant activity for the Council and will be refreshed annually and monitored regularly.

1.6 Operating Standards

New Operating Standards setting out arrangements for the effective operation of the Council were implemented this year. The standards bring essential management information together in one place, so all staff can carry out core management tasks effectively and consistently.

The Operating Standards set out clear requirements for how directorates and corporate services discharge roles, and different levels of management accountability and responsibility. The standards are considered mandatory for Officers to follow and this is a live document which is owned and updated by the Head of Paid Service and supports a new requirement in the Constitution.

Enhancement of key internal controls

In our respective capacities as Leader of the Council, Head of Paid Service (which in the instance of the Head of Paid Service includes chairing the Corporate Management Team which takes a regular review of risk and mitigations across the Authority as a whole), Monitoring Officer and Acting Section 151 Officer we have identified particular areas where key internal controls still need to be enhanced. These are set out in Section 2 below.

2.1 Financial Climate

General financial position

It is important that all areas of the authority continue to monitor and find ways to proportionally respond to the increasingly challenging financial and demand position whilst delivering statutory duties and existing savings targets. The Corporate Management Team have received a report on lessons learnt from the Northamptonshire County Council situation and CMT will be instrumental in KCC's budget setting and management processes. Formal monitoring will continue to be reported at Cabinet and Cabinet Committees. (Lead Officers – Corporate Management Team)

Spending Review and Local Government Finance Settlement

2019-20 is the final year of the current four-year funding agreement with Central Government. KCC has no indicative funding allocations for 2020-21 and there is a

great deal of uncertainty about the outcome of the Spending Review, Fair Funding Review, reforms to business rate retention, and the Social Care Green Paper. The funding settlement is vital to knowing the savings we may need to deliver the 2020-21 budget, at this stage the MTFP includes a scenario if the settlement is similar to the previous settlement, this results in the need to find approximately £90m of savings over the next two years, the vast majority of which have yet to be identified.

We will need to contribute to the Spending Review at the appropriate time and continue to monitor progress of the Fair Funding Review, reform of business rate retention and social care green paper. As part of this Kent County Council will need to develop a number of possible scenarios and potential savings plans which balance these. We cannot delay making savings plans until we have the outcome of the settlement as this will be too late for the 2020-21 budget. (Lead Officers – Corporate Management Team)

High Needs Funding

We have identified that the current shortfall in High Needs Funding and the estimated deficit on the Dedicated Schools Grant (DSG) is the highest budget risk. The Education and Schools Funding Agency (EFSA) have recently introduced a deficit recovery process where authorities accrue deficits on the DSG of over 1%. If current trends continue, we will exceed this threshold in 2019-20.

To ensure that we monitor this position closely, Finance will be introducing a specific section into the regular budget monitoring report to look at High Needs forecasts. In addition, work will continue with schools and the Schools Forum on local plans to reduce the deficit. KCC will need to continue to lobby Government to improve the funding for High Needs and introduce structural reforms to help manage the significant rise in demand. KCC representatives have already met with the Parliamentary Under-Secretary of State for Children and Families to discuss specific issues affecting Councils and areas across England relating to High Needs Funding and to seek ways in which Government could assist local authorities to tackle High Needs Funding issues.

(Lead Officers – Corporate Director of Children, Young People & Education and Corporate Director of Finance)

Asylum Funding

There continues to be a shortfall of funding to support the number of former Unaccompanied Asylum-Seeker Children (UASC) under Leaving Care regulations. At the time of writing this statement KCC was waiting for the conclusion of the Home Office's UASC funding review and it is hoped that Kent's situation will be recognised. The Leader, Cabinet Member and Senior Officers will continue to make representations to the Home Office regarding funding and the National Transfer Scheme. (Lead Officer – Corporate Director of Children, Young People & Education)

Adult Social Care – funding and pressures

The publication of Government's Green Paper on Social Care has been further delayed. The authority will need to be prepared for any policy and funding formula changes outlined in this paper when this is released and any implications these changes may bring.

In terms of specific pressures, the extensive winter pressures on services was a significant challenge across Adult Social Care, with Kent as a whole system continuing to be RED on the Delayed Transfers of Care (DTOC) activity. However, the investment from Adult Social Care & Health for social care contracts enabled adult social care DTOC across Kent to remain within the 30% figure. (Lead Officer – Corporate Director of Adult Social Care & Health)

2.2 Response to Special Educational Needs & Disability (SEND) Ofsted/CQC Local Area Inspection

It is important that KCC focuses on improving SEND services in response to issues arising from the Local Area Ofsted/CQC inspection. The findings of the inspection were set out in a published letter on 29th March 2019 and whilst the Chief Inspector identified a number of strengths in the local area, there were also areas of significant weakness identified across Kent.

In response to the inspection outcome, the 0-25 Health and Wellbeing Board have established a SEND Improvement Board due to the need for a coordinated response by education, health and social care to the Ofsted/CQC inspection. The Improvement Board will retain a strategic overview of the required Written Statement of Action and the implementation of the agreed actions to improve the outcomes for children with SEND in Kent. The Written Statement of Action needs to be agreed with Health and submitted to the DfE by 28 June 2019. The local area will be subject to quarterly monitoring by DfE/NHS England and a full re-inspection between 12-18 months after the Written Statement of Action has been approved. (Lead Officer – Corporate Director of Children, Young People & Education)

2.3 New Multi-Agency Local Safeguarding Partnership Arrangements

New multi-agency local safeguarding arrangements will be implemented because of the changes to the Children Act 2004. The three safeguarding partners must publish a document which explains the new arrangements by 29 June 2019. Following publication, partners will have until 29 September 2019 to implement the new arrangements. At the point of the implementation of the proposed new multiagency local safeguarding arrangements, the Kent Safeguarding Children Board will formally cease, except for relevant residual tasks.

A Shadow Executive Board will lead and manage the key communications with relevant stakeholders to inform them about the of new multi-agency local safeguarding arrangements. An action plan will be taken forward during the transition months of July, August and September 2019 to engage relevant agencies on how

the subgroups and partnership level groups will function. The review work will result in making clear, the expectations placed on the key partners including membership, roles and responsibilities. (Lead Officer –Director of Strategy, Policy, Relationships and Corporate Assurance)

2.4 Preparedness for the UK's exit from the European Union

The authority has made good progress in planning for the UK's exit from the European Union. In response to the EU and UK agreeing a flexible extension until 31st October 2019 we must remain focussed on the preparedness of our services to respond to a number of different scenarios which may impact the county. In response to a recommendation from the Civil Contingencies Secretariat, KCC is using this additional time to make sure records are up to date, debriefs and lessons learned are captured and arrangements reviewed and developed rather than removed.

KCC Business Continuity plans are now in place across all services. However, the agreed extension means that a number of plans will need to be reviewed and updated before planned EU withdrawal on 31st October 2019.

Directorates have been asked to review the costs of their Brexit preparedness and the authority will continue to remain in dialogue with MCHLG about funding and resourcing implications. (Lead Officers –Corporate Director of Growth, Environment & Transport/Corporate Management Team)

2.5 Traded Services

Holding Company (HoldCo) structure

On 15 September 2017, 5 December 2017, 16 March 2018 and 22 June 2018 members of the Policy and Resources Cabinet Committee contributed to the development of plans for a Holding Company to better arrange the diverse commercial interests that the Council wholly owns. The committee commented on and endorsed the proposals set out in these reports.

The Holding Company Board has now been established and work is underway on a programme of integration and the development of a Business Plan.

Governance and the role of the shareholder

The General Counsel proposes to take his annual review in relation to the Council's wholly owned companies to the Governance and Audit Committee during the Autumn 2019 session of the committee programme.

Shareholder oversight of company activity is retained through an established Shareholder Board arrangement and reserved matters that require Board approval are in place as part of the Governance Protocols. KCC Non-Executive Directors are appointed to each of the Company Boards.

As part of the companies' audit arrangements, it is intended that each company will report an Annual Governance Statement to HoldCo for consolidated group reporting to the Shareholder Board. (Lead Officer – General Counsel)

2.6 Cyber-security

Kent County Council took part in a Local Government Association (LGA) cyber security self-assessment in 2018. The authority's rating was consistent with the majority of authorities across the UK. An action plan has been put in place in response to the LGA self-assessment and the Director of Infrastructure and the Compliance and Risk Manager will monitor progress. (Lead Officers - Director of Infrastructure and Compliance and Risk Manager)

Annual Governance Statement 2018/19 conclusion

We will, over the coming year, take appropriate action to address all these matters. We are satisfied that these steps will address the need for improvements that were identified in the effectiveness review and will monitor their implementation and operation as part of our next annual review.

The Monitoring Officer can confirm for financial year ending March 2019 that save for the issues previously reported to Members of the Governance and Audit Committee, the County Council and through the annual complaints report, there is no known unlawfulness or maladministration. It is further confirmed that all executive decisions, as defined in the Council's Constitution, were handled, processed and recorded in the correct manner during the period 1 April 2018 to 31 March 2019. This assurance is provided with the caveat that planned changes to the Council's governance are agreed by Members during 2019/20.

The Acting Section 151 Officer provided assurance to the County Council that the budget proposed and approved for 2019-20 by the County Council on 14th February 2019 was based on robust estimates and allowed for an adequate level of reserves to cover foreseeable eventualities and general reserve for the unforeseeable risks. The Acting Section 151 Officer further assures the Council that he is satisfied that financial transactions and financial activity on behalf of the Council or where the Council manages activity on behalf of others were handled, processed and recorded in the correct manner during the period 1 April 2018 to 31 March 2019.

The key functions of the Chief Financial Officer (CFO) in a local authority are to achieve value for money and secure sound stewardship for public funds. To achieve these the CFO is responsible for leading and directing the financial strategy and operations for the organisation. The Chartered Institute of Public Finance and Accountancy have produced a statement on the role of the CFO identifying five principles that define the core activities and behaviours for the role of the CFO. For each principle the statement sets out the governance requirements and expectation to enable the CFO to carry out their role effectively. The Annual Governance

Statement includes the identification of the financial environment in which the 2019-20 budget has been set [with a focus on maintaining and enhancing the financial resilience of the Council], including the identification of the main financial risks, the monitoring and reporting of financial performance throughout the year, and the uncertainty over future settlements in accordance with the principles outlined in the CIPFA statement.

Ben Watts
Monitoring Officer

Dave Shipton
Acting Section 151 Officer

Paul Carter
Leader

David Cockburn
Head of Paid Service

On behalf of Kent County Council
